## Message Text

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PAGE 01 STATE 136712 ORIGIN COME-00

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R 132209Z JUN 77 FM SECSTATE WASHDC TO AMEMBASSY SANA INFO AMCONSUL DUSSELDORF

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E.O. 11652:N/A

TAGS:BEXP, GW, YE

SUBJECT: ARAB BOYCOTT: CALL FOR TENDERS BY NATIONAL WATER AND SEWERAGE AUTHORITY

REF: (A) SANA 1967; (B) DUSSELDORF 793; (C) STATE 93849; (D) DUSSELDORF 770; (E) SANA 1401

1. REF (D) REPORTED GERMAN CONSULTANT AS STIPULATING

"ANTI-JEWISH" AND "NON-BOYCOTT STATUS" CLAUSES AS CONDITIONS OF TENDER FOR HODEIDA WATER SUPPLY AND SEWERAGE PROJECT REPORTED REF (E). REF (C) QUERIED WHETHER THESE CONDITIONS WERE IMPOSED BY YARG OR INSERTED BY THE CONSULTANT AT HIS OWN INITIATIVE. REF (B) REPORTED CONTENTION BY CONSULTANT THAT THE CONDITIONS WERE IMPOSED BY THE YARG. REF (A), WHILE REPORTING MINECON'S ASSURANCE TO LIMITED OFFICIAL USE

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AMBASSADOR THAT HE DID NOT SUPPORT ANTI-JEWISH CLAUSES, DID NOT DIRECTLY ANSWER THE QUESTION OF WHETHER ANTI-JEWISH CLAUSE WAS IN FACT IMPOSED BY YARG IN THE TENDER. REF (A) ALSO FAILED INDICATE WHETHER NON-BOYCOTT STATUS CLAUSE WAS IMPOSED IN TENDER AS ISSUED BY YARG. REQUEST EMBASSY

CLARIFY THE ORIGIN OF THESE CONDITIONS. UNLESS EMBASSY

REPORTS THAT NEITHER ANTI-JEWISH NOR NON-BOYCOTT STATUS

CONDITIONS WERE INCLUDED IN ORIGINAL YARG TENDER, STRICTURES ON DISSEMINATION OF INFORMATION ABOUT THIS TENDER INDICATED REF (C) MUST REMAIN IN EFFECT.

2. REF (A) REQUESTED GUIDANCE ON HANDLING OF NEW TENDER FOR MANHOLE COVERS, WATER METERS, AND FIRE HYDRANTS FOR

HODEIDA PROJECT. BID CONDITION IN PORTION OF TENDER FOR WATER METERS AND FIRE HYDRANTS TO BE FINANCED BY IDA--I.E., "OPEN TO SUPPLIERS FROM COUNTRIES WHO ARE MEMBERS OF

WORLD BANK AND SWITZERLAND'--DOES NOT COME WITHIN PURVIEW OF COMMERCE DEPARTMENT REGULATIONS AS BOYCOTT-RELATED CONDITION, SINCE IT CONTAINS NO BOYCOTT-RELATED EXCLUSIONS. CONSEQUENTLY, THERE IS NO RESTRICTION ON POST FORWARDING OR COMMERCE DISSEMINATING THESE PARTS OF TENDER. SITUATION WOULD REMAIN THE SAME UNDER PROSPECTIVE NEW LAW AND REGULATIONS.

3. BID CONDITION FOR MANHOLE COVERS CLEARLY COVERED BY POLICY OF NON-DISSEMINATION OF INFORMATION ABOUT OPPORTUNITIES KNOWN TO BE SUBJECT TO BOYCOTT CONDITIONS AS OUTLINED REF (C) BECAUSE OF EXCLUSION OF FIRMS ON ARAB BOYCOTT LIST. KNOWLEDGE OF THIS CONDITION REQUIRES POST TO REFRAIN FROM FORWARDING TENDER TO WASHINGTON OR DISCUSSING IT WITH VISITING BUSINESSMEN, OR EVEN REPORTING IT TO COMMERCE AS TRADE OPPORTUNITY.

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4. APPRECIATE INCLINATION OF YEMENI OFFICIALS REPORTED REF (A) TO ENFORCE BOYCOTT PRAGMATICALLY OR EVEN IGNORE IT WHEN EXPEDIENT. COMMERCE CANNOT TAKE THIS INTO ACCOUNT IN APPLYING NON-DISSEMINATION POLICY, HOWEVER, SO LONG AS RESTRICTION SUCH AS THAT CITED PARA 3 REMAINS IN TENDER DOCUMENTS. VANCE

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